

General principles:

- The charter school is in essence funded similarly to other district schools in terms of the district general fund.
- This funding mechanism intends to meet the fixed costs of the district and the charter school through providing that the charter generates an additional basic entitlement for the charter school. This is similar to the separate budget unit mechanism in our current funding formula to address the additional fixed costs of a school located at a distance from the main district (ex. Baab—Browning; Seeley Lake—Missoula)
- The variable costs of educating each student are intended to stay with the student if the student remains in a district school, but follow the student to a charter school as the district student amount if the student/parent chooses to attend the charter. (The range of district student amounts is largely a function of each district's decision to budget their general fund at BASE, MAX, or over-MAX.)
- The district's fixed costs within other funds (ex. debt service, building reserve, bus depreciation, etc.) are not impacted by the establishment of a charter school.

Key term:

- District student amount—basically what a district plans to spend per student in its general fund budget; by removing basic entitlements fixed costs are addressed. The difference between the per-ANB entitlement and district student amount is that the district student amount would include portions of the following payments: QE, IEFA, D4A, AIG, At-risk, Sp Ed.

Sources of confusion/questions:

- County treasurers are transferring 10% of the amounts over the course of 10 months, mirroring OPI's 10-month distribution schedule for school funding; 100% of the amounts go to charters; districts do not retain 10%
- The reason for "located" and "resident" districts and students being counted for ANB in the district where they reside is to prevent the costs of educating that student being transferred to a district where they don't live.
- The fiscal note indicates that the charter's basic entitlement is 100% state funded. The bill does not state this, but obviously this could be clarified. This is not how the "separate budget unit" mechanism works in current law. That said, if the BE was 100% state funded, it would mean more money for fixed costs for the charter and less local taxpayer impact, greater state cost though. Could be interesting to look at...
- Will ANB lag 1 year if student moves? Yes, ANB always lags.
- What does a district "lose" if charter is created? The district will only "lose" the district student amount for those students that choose to attend the charter school instead.

Possible concerns:

- In larger districts, the financial impact on local taxpayers is minimal because the basic entitlement is proportionally a tiny part of the general fund budget. For a smaller district, this proportion grows. The bill addresses this to some degree by limiting the establishment of charters to 1st and 2nd Class districts only.
- Will charter teachers generate a QE payment? Charters are receiving a portion of a district's total QE payment within the district student amount.